

SENATE BILL NO. 283—SENATOR BROOKS

MARCH 22, 2021

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to local improvements. (BDR 22-792)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact. Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local improvements; authorizing a municipality to create a district for certain qualified improvement projects; setting forth the requirements for creating such a district; authorizing certain financing to pay for a qualified improvement project in such a district; making various other changes relating to local improvements; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law sets forth the procedures for the governing body of a municipality to create a district to finance certain energy efficiency improvement projects and renewable energy projects. (NRS 271.6312-271.6325) This bill revises these procedures.

Section 15 of this bill authorizes the governing body of a municipality to create a district to finance or refinance one of more qualified improvement projects. **Section 6** of this bill defines a qualified improvement project as an energy efficiency improvement project, a renewable energy project, a resiliency project and a water efficiency improvement project. **Sections 4 and 7-9** of this bill, respectively, define the terms “energy efficiency improvement project,” “renewable energy project,” “resiliency project” and a “water efficiency improvement project.”

Section 16 of this bill provides that the governing body may create a district only under certain circumstances, including if: (1) the governing body makes a finding that the creation of the district serves certain public purposes; and (2) the governing body adopts by resolution certain procedures for the creation and administration of the district. **Section 11** of this bill requires that each owner of a tract on which a qualified improvement project will be located enter into a voluntary assessment agreement in which the owner consents in writing to the location of the project on the tract, the levy of an assessment against the tract to pay the financing set forth in the financing agreement and the placement of a lien on the property. **Sections 5 and 5.5** of this bill, respectively, define the terms “financing agreement” and “property owner.”



23 **Section 12** of this bill provides that a lien must be filed on the tract and sets
24 forth the priority of such a lien.

25 **Section 17** of this bill provides that: (1) construction of a qualified
26 improvement project must be completed through independent contracts with
27 contractors licensed in Nevada; (2) the municipality is not responsible for the
28 construction or any delays or defects; and (3) the laws relating to public bidding,
29 public works or public procurement are not applicable to the construction of a
30 qualified improvement project.

31 **Section 18** of this bill sets forth certain requirements for the resolution that
32 specifies the procedures for the creation and administration of a district.

33 **Section 10** of this bill requires, with certain exceptions, that a qualified
34 improvement project be financed or refinanced only through an assessment on the
35 real property. **Section 11** of this bill provides that while the governing body
36 imposes the assessment, the capital provider is solely responsible for the billing,
37 collection and enforcement of the assessment. **Section 3** of this bill defines the term
38 "capital provider."

39 **Section 12** of this bill requires the municipality to record a notice of assessment
40 and assessment lien on the real property and sets forth the priority of such a lien.

41 **Section 13** of this bill authorizes, under certain circumstances, a person who is
42 leasing real property within a district to enter into a financing agreement with a
43 capital provider for a qualified improvement project.

44 **Section 13.5** of this bill provides that: (1) a municipality and its governing
45 body, officers and employees shall not be liable for any actions taken pursuant to
46 existing law providing for the creation of a district and **sections 2-13.5** of this bill,
47 except in cases of gross negligence, recklessness or willful misconduct; (2) a
48 municipality shall not use public funds to fund an assessment imposed on a
49 property owner to repay direct financing, nor pledge the full faith and credit of
50 a local government for such purposes; and (3) a municipality that establishes a
51 qualified improvement district may impose a fee to recover the actual
52 administrative costs from participating property owners.

53 **Section 19** of this bill provides that the governing body of a municipality that
54 created a district pursuant to NRS 271.6312 to 271.6325, inclusive, before
55 October 1, 2021, may use the provisions of this bill in the district but that this bill
56 does not affect any financing, billing, collection or enforcement of financing of any
57 existing project in the district.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 271 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 13.5, inclusive, of
3 this act.

4 **Sec. 2.** *As used in NRS 271.6312 to 271.6325, inclusive, and*
5 *sections 2 to 13.5, inclusive, of this act, unless the context*
6 *otherwise requires, the words and terms defined in sections 3 to 9,*
7 *inclusive, of this act have the meanings ascribed to them in those*
8 *sections.*

9 **Sec. 3.** *"Capital provider" means any private entity or the*
10 *designee, successor or assign of the private entity that provides*
11 *financing or refinancing for a qualified improvement project*



1 *pursuant to the provisions of NRS 271.6312 to 271.6325, inclusive,*
2 *and sections 2 to 13.5, inclusive, of this act.*

3 **Sec. 4.** *“Energy efficiency improvement project” means the*
4 *installation or modification of one or more energy efficiency*
5 *improvements that decrease or support the decrease of energy*
6 *consumption or demand for energy through the use of efficiency*
7 *technologies, products or activities and incidentals which are*
8 *necessary, useful or desirable for any such improvements and*
9 *which installation or modification has a useful life of not less than*
10 *10 years.*

11 **Sec. 5.** *“Financing agreement” means the contract pursuant*
12 *to which a property owner or lessee, as applicable, agrees to repay*
13 *the capital provider for financing or refinancing a qualified*
14 *improvement project, including, without limitation, any finance*
15 *charges, fees, debt servicing, interest, penalties and any other*
16 *provision relating to the treatment of prepayment or partial*
17 *payment, billing, collection and enforcement of the assessment*
18 *and lien securing the financing.*

19 **Sec. 5.5.** *“Property owner” means the owner of record of the*
20 *tract on which a qualified improvement project is installed.*

21 **Sec. 6.** *“Qualified improvement project” means one or more*
22 *of the following projects, installed in an existing structure or in*
23 *new construction, performed pursuant to NRS 271.6312 to*
24 *271.6325, inclusive, and sections 2 to 13.5, inclusive, of this act:*

- 25 1. *Energy efficiency improvement project.*
- 26 2. *Renewable energy project.*
- 27 3. *Resiliency project.*
- 28 4. *Water efficiency improvement project.*

29 **Sec. 7.** *“Renewable energy project” means any improvement*
30 *to real property, and facilities and equipment used to generate*
31 *electricity from renewable energy to offset customer load in whole*
32 *or in part on the real property, or to support the production of*
33 *renewable energy including, without limitation, micro-grids,*
34 *energy storage and any other device or interacting group of*
35 *products or devices on the customer’s side of the meter that*
36 *generates electricity or provides thermal energy, and all*
37 *appurtenances and incidentals necessary, useful or desirable for*
38 *any such improvements, facilities and equipment, and which*
39 *improvement has a useful life of not less than 10 years.*

40 **Sec. 8.** *“Resiliency project” means a qualified improvement*
41 *to real property, facilities or equipment with a useful life of not*
42 *less than 10 years that:*

- 43 1. *Increases a building’s structural resiliency for seismic*
44 *events;*
- 45 2. *Improves indoor air quality;*



- 1 3. *Improves wind and fire resistance;*
- 2 4. *Improves stormwater quality or reduces on-site or off-site*
- 3 *risk of flash flooding;*
- 4 5. *Improves or enhances the ability of a building to withstand*
- 5 *an electrical outage;*
- 6 6. *Reduces or mitigates the urban heat island effect or the*
- 7 *effects of extreme heat;*
- 8 7. *Reduces any other environmental hazard identified by a*
- 9 *municipality; or*
- 10 8. *Enhances the surrounding environment in which the real*
- 11 *property is located.*

12 **Sec. 9.** *“Water efficiency improvement project” means an*

13 *improvement to real property that is designed to reduce the water*

14 *consumption of the real property.*

15 **Sec. 10.** *1. Except as otherwise provided in this section, a*

16 *qualified improvement project must be financed or refinanced*

17 *only through an assessment on the real property.*

18 2. *In addition to, but not in lieu of direct financing from a*

19 *capital provider, the governing body may issue bonds and*

20 *warrants to pay a portion of a qualified improvement project but*

21 *any such bonds or warrants:*

22 (a) *Shall not constitute the debt or indebtedness of the*

23 *municipality within the meaning of any provision or limitation of*

24 *the Constitution of the State of Nevada or statute;*

25 (b) *Shall not be secured by a pledge of the general credit or*

26 *taxing power of the municipality or by the surplus and deficiency*

27 *fund established pursuant to NRS 271.428; and*

28 (c) *Shall not be used in furtherance of or in support of direct*

29 *financing from a capital provider.*

30 **Sec. 11.** *1. In order to impose an assessment for a qualified*

31 *improvement project, the municipality must enter into a voluntary*

32 *written assessment agreement with a property owner whereby the*

33 *property owner consents in writing that an assessment will be*

34 *imposed on the real property to repay the capital provider for the*

35 *qualified improvement project and an assessment lien will be*

36 *placed on the real property. Each voluntary assessment agreement*

37 *must describe the tract to be assessed and the qualified*

38 *improvements included in the qualified improvement project that*

39 *are financed or refinanced by the capital provider.*

40 2. *Each voluntary assessment agreement and any*

41 *amendment, thereto, must be recorded in the office of the county*

42 *recorder and, once recorded, is binding on the owner who signed*

43 *the voluntary assessment agreement and any other person who*

44 *holds any interest in the tract to which the voluntary assessment*

45 *agreement relates.*



1 3. A municipality must assign the assessment and assessment
2 lien to the capital provider. The capital provider is solely
3 responsible for the billing, collection and the enforcement of an
4 assessment imposed on real property pursuant to NRS 271.6312 to
5 271.6325, inclusive, and sections 2 to 13.5, inclusive, of this act.

6 4. Delinquent payment of an assessment will result in the
7 interest and penalties set forth in the financing agreement.

8 5. Enforcement of a delinquent payment shall be by judicial
9 foreclosure in the manner of a mortgage.

10 6. Assessments not yet due must not be accelerated or
11 eliminated by foreclosure. In the event of foreclosure, any
12 outstanding or delinquent assessments must be satisfied along
13 with the payment of any delinquent ad valorem taxes.

14 **Sec. 12.** 1. A municipality shall execute and record a notice
15 of assessment and assessment lien on the real property on which
16 an assessment is imposed pursuant to the provisions of NRS
17 271.6312 to 271.6325, inclusive, and sections 2 to 13.5, inclusive,
18 of this act. The notice of assessment and assessment lien must
19 include, without limitation:

20 (a) The legal description of the real property;

21 (b) The name of each property owner;

22 (c) The date on which the lien was created;

23 (d) The principal amount of the lien;

24 (e) The terms and length of the lien; and

25 (f) A copy of the voluntary assessment agreement entered into
26 between the municipality and the property owner pursuant to
27 section 11 of this act.

28 2. Notwithstanding the provisions of any other statute to the
29 contrary, an assessment and assessment lien:

30 (a) Is coequal with the latest lien thereon to secure the
31 payment of general taxes.

32 (b) Runs with the land and is not subject to acceleration or
33 extinguishment by the sale of any property on account of the
34 nonpayment of general taxes.

35 (c) Is prior and superior to all liens, claims, encumbrances and
36 titles other than the liens of assessments and general taxes
37 attached to the tract pursuant to the provisions of NRS 361.450.

38 **Sec. 13.** A person that is leasing real property within a
39 district created pursuant to NRS 271.6312 to 271.6325, inclusive,
40 and sections 2 to 13.5, inclusive, of this act may enter into a
41 financing agreement with a capital provider for a qualified
42 improvement project if the owner of the real property enters into a
43 voluntary written assessment agreement with the municipality
44 pursuant to section 11 of this act.



1 **Sec. 13.5. 1.** *A municipality, its governing body, its officers*
2 *and its employees shall not be liable for actions taken pursuant to*
3 *NRS 271.6312 to 271.6325, inclusive, and sections 2 to 13.5,*
4 *inclusive, of this act, except in cases of gross negligence,*
5 *recklessness or willful misconduct.*

6 **2.** *A municipality shall not use any public funds to pay an*
7 *assessment imposed to repay direct financing between a capital*
8 *provider and a property owner, nor pledge the full faith and credit*
9 *of the municipality for such purposes.*

10 **3.** *A municipality that establishes a district pursuant to NRS*
11 *271.6312 to 271.6325, inclusive, and sections 2 to 13.5, inclusive,*
12 *of this act, may impose a fee to a property owner that enters into a*
13 *voluntary assessment agreement pursuant to section 11 of this act*
14 *to recover the reasonable and actual costs of administration and*
15 *the performance of its duties pursuant to NRS 271.6312 to*
16 *271.6325, inclusive, and sections 2 to 13.5, inclusive, of this act.*

17 **Sec. 14.** NRS 271.385 is hereby amended to read as follows:

18 **271.385 1.** At the time and place designated pursuant to NRS
19 271.380, the governing body shall hear and determine any written
20 complaint, protest or objection filed as provided in that section and
21 any verbal views expressed in respect to the proposed assessments,
22 assessment roll or assessment procedure. The governing body may
23 adjourn the hearing from time to time.

24 **2.** The governing body, by resolution, may revise, correct,
25 confirm or set aside any assessment and order that the assessment be
26 made de novo.

27 **3.** Any complaint, protest or objection to:

- 28 (a) The assessment roll;
29 (b) The regularity, validity and correctness of each assessment;
30 (c) The amount of each assessment; or
31 (d) The regularity, validity and correctness of any other
32 proceedings occurring after the date of the hearing described in NRS
33 271.310 and before the date of the hearing governed by this section,
34 ➤ shall be deemed waived unless filed in writing within the time
35 and in the manner provided by NRS 271.380.

36 ~~[4. If any owner of a tract which is assessed for the purpose of~~
37 ~~creating a district pursuant to NRS 271.6312 objects in writing~~
38 ~~within the time and in the manner provided by NRS 271.380, the~~
39 ~~tract must be removed from the assessment roll, and the~~
40 ~~municipality shall not finance the project located on the tract unless~~
41 ~~the objecting owner withdraws his or her objection in writing within~~
42 ~~the time specified by the governing body.]~~

43 **Sec. 15.** NRS 271.6312 is hereby amended to read as follows:

44 **271.6312 1.** The governing body of a municipality, on behalf
45 of the municipality and in its name, without an election, may create



1 a district to finance *or refinance* one or more ~~energy efficiency~~
2 ~~improvement projects or renewable energy~~ *qualified improvement*
3 projects:

4 (a) On qualifying commercial or industrial real property, which
5 may include any real property other than:

6 (1) A residential dwelling that contains fewer than five
7 individual dwelling units; or

8 (2) Property financed by a government-guaranteed financing
9 program that prohibits the subordination of the government's
10 interest in the property or otherwise prohibits a contract under NRS
11 271.6312 to 271.6325, inclusive ~~]~~ , *and sections 2 to 13.5,*
12 *inclusive, of this act.*

13 (b) That meet one of the following requirements:

14 (1) For an energy efficiency improvement project, the project
15 must be determined to *meet the definition of an energy efficiency*
16 *improvement project set forth in section 4 of this act* and be
17 ~~appropriate through~~ *supported by* an energy audit conducted by a
18 qualified service company ~~[. A project may be determined to be~~
19 ~~appropriate if:~~

20 ~~— (I) The energy audit includes a summary of~~
21 ~~recommendations, which for each recommendation must include~~
22 ~~existing and expected consumption and expected energy savings~~
23 ~~expressed in British thermal units, kilowatt-hours, and kilowatts, the~~
24 ~~expected annual energy savings, the cost, the payback period in~~
25 ~~years, the expected life cycle in years and the percentage of savings,~~
26 ~~as applicable; and~~

27 ~~— (II) The expected energy savings from the project exceeds~~
28 ~~the investment costs of the project.] that includes, without~~
29 ~~limitation, a written energy analysis of the project.~~

30 (2) For a renewable energy project, the project must ~~be~~
31 ~~determined to be feasible through a written feasibility study~~
32 ~~conducted]~~ *meet the definition of a renewable energy project set*
33 *forth in section 7 of this act, as determined* by a qualified service
34 company. *The determination of the qualified service company*
35 *must be supported by a written feasibility study.*

36 (3) *For a resiliency project, the project must be determined*
37 *to meet the definition of a resiliency project set forth in section 8*
38 *of this act by a licensed professional in the field of the resiliency*
39 *project that is approved by the municipality pursuant to*
40 *NRS 271.6325.*

41 (4) *For a water efficiency project, the project must be*
42 *determined to meet the definition of a water efficiency project set*
43 *forth in section 9 of this act by a qualified service company. The*
44 *determination of the qualified service company must be based on a*
45 *written analysis of the project.*



1 2. ~~[A bond or interim warrant issued for a district created~~
2 ~~pursuant to this section must not be secured by a pledge of the~~
3 ~~general credit or taxing power of the municipality or by the surplus~~
4 ~~and deficiency fund established pursuant to NRS 271.428.]~~ *Subject*
5 *to the provisions of subsection 2 of NRS 271.6315, a district*
6 *created pursuant to subsection 1 may comprise the entire*
7 *jurisdictional boundaries of the municipality or any portion or*
8 *individual tract, thereof.*

9 3. The improvements to or installations within a district created
10 pursuant to this section must not be owned by a municipality but
11 shall be ~~[deemed to be]~~ the property of the owner of the tract upon
12 which the improvement or installation is located.

13 4. The provisions of:

14 (a) NRS 271.275 to 271.365, inclusive, *and 271.367 to 271.472,*
15 *inclusive,* do not apply to a district which is created pursuant to this
16 section.

17 (b) NRS 271.495 and 271.500 do not apply to any bonds or
18 interim warrants issued to finance ~~[an energy efficiency~~
19 ~~improvement project or renewable energy]~~ *a qualified improvement*
20 *project within a district created pursuant to this section.*

21 5. As used in this section:

22 (a) "Energy audit" means a formal evaluation of the energy
23 consumption of a permanent building or any structural improvement
24 to real property that is consistent with the requirements of ASTM
25 International Standard E2797, "Standard Practice for Building
26 Energy Performance Assessment for a Building Involved in a Real
27 Estate Transaction," the ASHRAE Level 2 or 3 guidelines for
28 energy audits or any comparable energy assessment guidelines.

29 (b) "Qualified service company" has the meaning ascribed to it
30 in NRS 333A.060.

31 **Sec. 16.** NRS 271.6315 is hereby amended to read as follows:

32 271.6315 1. A governing body may create a district pursuant
33 to NRS 271.6312 only if:

34 (a) *The governing body makes a finding that the creation of*
35 *the district serves the public purposes of resource conservation,*
36 *reducing emissions or increasing the resiliency of the community.*

37 (b) The governing body has, pursuant to NRS 271.6325, adopted
38 by resolution a procedure for the creation and administration of a
39 district for the purpose of financing *or refinancing* one or more
40 ~~[energy efficiency improvement projects or renewable energy]~~
41 *qualified improvement* projects.

42 ~~[(b) Each]~~

43 2. *The governing body shall not include a tract within the*
44 *boundaries of the district unless:*



1 (a) *The* owner of ~~each~~ *the* tract on which ~~an energy efficiency~~
2 ~~improvement project or renewable energy~~ *a qualified improvement*
3 *project will be located* ~~consents in writing to the location of the~~
4 ~~project on the tract and~~ *enters into a voluntary assessment*
5 *agreement pursuant to section 11 of this act agreeing to* the levy of
6 an assessment against the tract to pay ~~all or a portion of the cost~~
7 ~~thereof in an amount up to the estimated maximum benefit to the~~
8 ~~tract from the installation or improvement. The estimated maximum~~
9 ~~benefit may not exceed the market value of the tract as determined~~
10 ~~by the governing body.~~

11 ~~(e)~~ *the amount of financing or refinancing set forth in the*
12 *financing agreement and the placement of an assessment lien on*
13 *the property pursuant to the provisions of section 12 of this act.*

14 ~~Each consent provided pursuant to paragraph (b):~~

15 ~~— (1) Describes the tract to be assessed and the improvements~~
16 ~~to be financed;~~

17 ~~— (2) States the estimated maximum benefit that the owner~~
18 ~~agrees will be conferred on the tract by virtue of the installation or~~
19 ~~improvement; and~~

20 ~~— (3) Is accompanied by:~~

21 ~~— (I) A signed copy of each contract between an owner of~~
22 ~~the tract and each contractor described in NRS 271.6321 pursuant to~~
23 ~~which the contractor agrees to construct, acquire and install the~~
24 ~~installation or improvement identified in the consent at a total price~~
25 ~~which does not exceed the limitation set forth in NRS 271.6321 and~~
26 ~~which contains any terms, including, without limitation, application~~
27 ~~fees and costs, the total amount financed, annual percentage rate,~~
28 ~~total amount paid over the life of any assessment, any appraisal fees,~~
29 ~~bond related costs, annual administrative fees, closing costs, credit~~
30 ~~reporting fees and recording fees, and such other terms not~~
31 ~~inconsistent with the provisions of NRS 271.6312 to 271.6325,~~
32 ~~inclusive, or with the resolution adopted pursuant to NRS 271.6325,~~
33 ~~as may be agreed upon by the owner of the tract and the contractor~~
34 ~~and is acceptable to the governing body; and~~

35 ~~— (II) A deposit in an amount determined in the manner~~
36 ~~specified in the resolution adopted pursuant to NRS 271.6325,~~
37 ~~which may be refunded if the project to which the consent relates is~~
38 ~~completed and is financed with assessments levied pursuant to this~~
39 ~~chapter within the period specified in the resolution.~~

40 ~~(d)~~ *(b) The amount of the assessment lien that will be placed*
41 *on the tract for a qualified improvement project, if used for*
42 *improving or retrofitting an existing structure, does not exceed 25*
43 *percent of the fair market value of the property assessed, as*
44 *determined by a certified appraiser pursuant to guidelines adopted*
45 *pursuant to NRS 271.6325.*



1 (c) *The amount of the assessment lien that will be placed on*
2 *the tract for a qualified improvement project, if used for new*
3 *construction or a gut rehabilitation, does not exceed 35 percent of*
4 *the fair market value of the property assessed, as determined by a*
5 *certified appraiser pursuant to guidelines adopted pursuant to*
6 *NRS 271.6325.*

7 (d) The outstanding amount owed on all recorded instruments
8 which are liens against ~~[any] the~~ tract ~~[included in the district, does]~~
9 *including the assessment lien for the qualified improvement*
10 *project, will* not exceed 90 percent of the estimated fair market
11 value of the property assessed ~~[, as defined by the governing body,~~
12 ~~taking into account the imposition of the liens for assessments~~
13 ~~pursuant to NRS 271.6312 to 271.6325, inclusive, and the additional~~
14 ~~value added to the tract by a project financed pursuant to NRS~~
15 ~~271.6312 to 271.6325, inclusive.~~

16 ~~—(e)] , as determined by a certified appraiser pursuant to~~
17 ~~guidelines adopted pursuant to NRS 271.6325.~~

18 (e) Any lender who holds a lien on ~~[any] the~~ tract on which ~~[an~~
19 ~~energy efficiency] the qualified~~ improvement project ~~[or renewable~~
20 ~~energy project]~~ will be located consents in writing to the levy of an
21 assessment *and assessment lien* against the tract to ~~[pay all or a~~
22 ~~portion of the cost of the installation or improvement.] secure~~
23 *repayment of the financing or refinancing of the qualified*
24 *improvement project.* A consent signed pursuant to this paragraph
25 must be in a recordable form and is binding on the holder of a lien
26 who signs the consent. ~~[A lender described in this paragraph is~~
27 ~~entitled, within 30 days after providing consent pursuant to this~~
28 ~~paragraph, to offer a loan to the owner of the tract as the primary~~
29 ~~lender on the new levy of an assessment.~~

30 ~~—2.] Each consent provided pursuant to this~~ paragraph ~~[(b) of~~
31 ~~subsection 1 and each amendment thereto]~~ must be recorded in the
32 office of the county recorder and, once recorded, is binding on the
33 ~~[owner] lender~~ who signed the consent . ~~[and any other person who~~
34 ~~holds any interest in the tract to which the consent relates and who~~
35 ~~signed the consent.]~~

36 3. A district created pursuant to NRS 271.6312 may be created
37 at any time as designated by a governing body . ~~[, but must only~~
38 ~~include tracts for which a consent has been recorded pursuant to~~
39 ~~subsection 2.]~~

40 4. As used in this section, “lender” means a mortgagee, the
41 beneficiary of a deed of trust or other creditor who holds a
42 mortgage, deed of trust or other *recorded* instrument that encumbers
43 a tract as security for the repayment of a loan used to purchase the
44 tract.



1 **Sec. 17.** NRS 271.6321 is hereby amended to read as follows:

2 271.6321 Construction *of a qualified improvement project*
3 within a district created pursuant to NRS 271.6312 must be
4 completed through independent contracts with contractors licensed
5 in Nevada . ~~{who are approved by the governing body.}~~ The
6 municipality is not responsible for the construction, or any defects
7 or delays thereof. The laws of this State relating to public bidding,
8 public works or public procurement are not applicable to contracts
9 for construction ~~{executed pursuant to this subsection. The total~~
10 ~~contract price of any improvement or installation must not exceed~~
11 ~~80 percent of the estimated maximum benefit for the tract as stated~~
12 ~~in the consent, as it may be amended from time to time, unless the~~
13 ~~owner of the property to be assessed:~~

14 ~~— 1. — Agrees to pay and pays, or causes another party to pay, the~~
15 ~~difference between 80 percent of the estimated maximum benefit~~
16 ~~and the total contract price from a source other than financing~~
17 ~~provided pursuant to this chapter; and~~

18 ~~— 2. — Agrees in writing that the improvement or installation will in~~
19 ~~fact benefit the tract by an amount at least equal to the sum of the~~
20 ~~estimated maximum benefit stated in the consent and the amount to~~
21 ~~be paid from a source other than financing provided pursuant to this~~
22 ~~chapter.}~~ *of a qualified improvement project.*

23 **Sec. 18.** NRS 271.6325 is hereby amended to read as follows:

24 271.6325 1. Before creating a district pursuant to NRS
25 271.6312, a governing body must adopt ~~{a resolution}~~ *an ordinance*
26 which specifies the procedures for the creation and administration of
27 such a district.

28 2. *The ordinance adopted pursuant to subsection 1 must*
29 *approve a program guide that, without limitation, sets forth the*
30 *forms for any agreements necessary between the district, the*
31 *property owner and the capital provider. The forms must include,*
32 *without limitation:*

33 (a) *A draft voluntary assessment agreement between the*
34 *municipality and the property owner;*

35 (b) *A draft notice of assessment and assessment lien; and*

36 (c) *A draft assignment of the assessment and the assessment*
37 *lien.*

38 3. *The ordinance adopted pursuant to subsection 1 must:*

39 (a) *Require that the property owner agree to the assessment in*
40 *the amount approved by the governing body as repayment for the*
41 *financing of the qualified improvement project.*

42 (b) *Require that the property owner acknowledge that a lien*
43 *will be recorded on the real property pursuant to section 12 of this*
44 *act to secure the repayment of the financing set forth in the*
45 *financing agreement.*



1 (c) *Prohibit any financing agreement the duration of which*
2 *exceeds the useful life of the qualified improvement project or, if*
3 *the qualified improvement project includes more than one*
4 *qualified improvement, the weighted average life of all qualified*
5 *improvements included in the qualified improvement project.*

6 (d) *Describe the application and eligibility requirements for*
7 *real property to be included in a district, including, without*
8 *limitation, with respect to a resiliency project. Such provisions*
9 *must set forth:*

10 (1) *The nature of resiliency improvements that may be*
11 *included in a resiliency project;*

12 (2) *The standards and codes that must be met for a*
13 *resiliency project to be a qualified improvement; and*

14 (3) *The types of licensed professionals who are approved by*
15 *the municipality to determine whether the resiliency project meets*
16 *the definition set forth in section 8 of this act, as required by NRS*
17 *271.6312, including, without limitation, whether a specific type of*
18 *resiliency project needs to be approved by:*

19 (I) *An architect licensed pursuant to chapter 623 of*
20 *NRS;*

21 (II) *A landscape architect licensed pursuant to chapter*
22 *623A of NRS;*

23 (III) *A professional engineer licensed pursuant to*
24 *chapter 625 of NRS;*

25 (IV) *An environmental health specialist that has a*
26 *certificate of registration pursuant to chapter 625A of NRS;*

27 (V) *A land use planner certified by the American*
28 *Institute of Certified Planners; or*

29 (VI) *Any other licensed professional person, as set forth*
30 *in the ordinance.*

31 (e) *Describe the requirements to be a capital provider.*

32 (f) *Require each application to be reviewed on its own merits.*

33 (g) *Require each application to include the submission of the*
34 *analysis or feasibility study required pursuant to NRS 271.6312.*

35 (h) *Provide that any approval of a qualified improvement*
36 *project by a municipality will only apply to the tract or tracts set*
37 *forth in the application.*

38 (i) *Set forth guidelines for a certified appraiser to determine*
39 *the fair market value of the property that will be assessed.*

40 4. The [resolution] ordinance may provide for one or more of
41 the following:

42 (a) Additional notices of the proposal to create the district,
43 notices of the opportunity to apply for inclusion in the district or any
44 other notices;



1 (b) *Any additional requirements for a qualified improvement*
2 *project, including, without limitation, any requirement for*
3 *insurance, security features or additional covenants and*
4 *agreements that must be entered into by the municipality, capital*
5 *provider, property owner and, if applicable, lessee;*

6 (c) *If applicable:*

7 (1) A reserve of money for bonds issued for the district, the
8 method of funding the reserve and the disposition of any interest
9 earned upon or the principal of the reserve that is not needed to
10 repay any bonds or interim warrants issued for the purposes of
11 financing ~~[an energy efficiency improvement project or renewable~~
12 ~~energy] a qualified improvement project within the district; and~~

13 ~~[(e)] (2) Any other security for those bonds or interim warrants;~~
14 ~~[, and the method of determining the term of the bonds in~~
15 ~~compliance with NRS 271.515;]~~

16 (d) Any requirements for casualty insurance, liability insurance
17 or other types of insurance for any project within the district;

18 (e) The method of determining the lien-to-value ratio of the
19 property for the purpose of complying with the limitation prescribed
20 by paragraph ~~[(d)]~~ (e) of subsection 1 of NRS 271.6315;

21 (f) Any limitation on the lien-to-value ratio that would result in
22 a lower lien-to-value ratio than that prescribed by paragraph ~~[(d)]~~ (e)
23 of subsection 1 of NRS 271.6315;

24 (g) ~~[Any limitation on the amount of the contract price, as a~~
25 ~~percentage of the estimated maximum benefit, that is lower than the~~
26 ~~limitation prescribed by NRS 271.6321;~~

27 ~~—(h)]~~ Any sources, other than the proceeds of assessments, that
28 will be used to pay:

29 (1) The cost of construction and installation of improvements
30 financed pursuant to NRS 271.6312 to 271.6325, inclusive ~~[(j)]~~, and
31 *sections 2 to 13.5, inclusive, of this act;*

32 (2) The cost of any reserve of money or other security for
33 financing ~~[an energy efficiency improvement project or renewable~~
34 ~~energy] a qualified improvement project pursuant to NRS 271.6312~~
35 ~~to 271.6325, inclusive [(j)], and sections 2 to 13.5, inclusive, of this~~
36 ~~act; or~~

37 (3) The cost of engineering work, the cost to issue any bonds
38 or provide other financing, or the cost of other incidentals pursuant
39 to NRS 271.6312 to 271.6325, inclusive ~~[(j)]~~, and *sections 2 to 13.5,*
40 *inclusive, of this act;*

41 ~~[(i)]~~ (h) Any other security features, covenants required of
42 property owners, covenants required of other parties or any other
43 covenants, guarantees, insurance or other matters which the
44 governing body finds are necessary or desirable for the financing of
45 ~~[an energy efficiency improvement project or renewable energy] a~~



1 *qualified improvement* project pursuant to NRS 271.6312 to
2 271.6325, inclusive ~~[]~~, *and sections 2 to 13.5, inclusive, of this*
3 *act; ~~and~~*

4 ~~—(j)~~ (i) Any other matters, procedures or financing terms which
5 the governing body, in its sole discretion, determines are necessary
6 or desirable to carry out the purposes of NRS 271.6312 to 271.6325,
7 inclusive ~~[]~~, *and sections 2 to 13.5, inclusive, of this act; and*

8 (j) *A designation delegating the governance and*
9 *administration of the district to the municipality, its governing*
10 *body, designated employees or an independent third party*
11 *administrator.*

12 ~~[2.] 5. [A resolution]~~ *An ordinance* adopted pursuant to this
13 section ~~[-]~~

14 ~~—(a) Must contain or incorporate by reference an exhibit~~
15 ~~describing each tract to be assessed, the type of improvement or~~
16 ~~installation to be financed for each tract and the estimated maximum~~
17 ~~benefit as stated in the consent provided pursuant to paragraph (b) of~~
18 ~~subsection 1 of NRS 271.6315.] may~~ be adopted as if an emergency
19 exists by a vote of not less than two-thirds of all the voting members
20 of the governing body.

21 **Sec. 19.** 1. The provisions of sections 1 to 18, inclusive, of
22 this act may be used by the governing body of a municipality that
23 has created a district pursuant to NRS 271.6312 to 271.6325,
24 inclusive, before October 1, 2021, but the provisions of sections 1 to
25 18, inclusive, of this act do not affect any financing, billing,
26 collection or enforcement of financing of any existing project in the
27 district created pursuant to NRS 271.6312 to 271.6325, before
28 October 1, 2021.

29 2. As used in this section:

30 (a) “Governing body” has the meaning ascribed to it in
31 NRS 271.115.

32 (b) “Municipality” has the meaning ascribed to it in
33 NRS 271.145.

34 (c) “Project” means an energy efficiency improvement project
35 or renewable energy project that began before October 1, 2021, in a
36 district created pursuant to NRS 271.6312 to 271.6325, inclusive, as
37 those provisions existed on September 30, 2021.

